Daily Report

Latin America

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NOTICE TO READERS: On 6 May 1991, the DAILY REPORT will begin phasing in new radio and television sourcelines that reflect how a station identifies itself. This change eliminates the "Domestic Service" and "Television Service" designations in favor of the station identification as broadcast. The presence of a new sourceline reflects this change in policy, rather than the establishment of a new station or network.

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Cuba

Fidel Castro Meets USSR Party Leader

FL1605135391 Havana Tele Rebelde Network in Spanish 1100 GMT 16 May 91

[Text] Last night Ivan L. Melnikov, member of the Secretariat of the CPSU [name and title as heard], and the delegation that accompanied him departed our country. Their visit was part of the program of bilateral contacts. His travel schedule included a visit to the Blas Roca contingent, food program enterprises, and several schools. Comrade Melnikov met with members of the Central Committee of the Communist Party of Cuba [CPC] to discuss the activities of the CPSU.

Commander in Chief Fidel Castro, first secretary of the Central Committee of the CPC, held a fraternal encounter with Ivan L. Melnikov. Carlos Aldana, secretary of the CPC Central Committee, and Yuriy Petrov, USSR ambassador to Cuba, also attended the meeting.

Attends Cattle Industry Meeting

FL1605134991 Havana Radio Rebelde Network in Spanish 1100 GMT 16 May 91

[Text] Commander in Chief Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba [CPC], presided over a cattle industry analysis meeting. The meeting started in the morning and lasted past 2030. It was attended by members of the executive committee of the Council of Ministers, CPC leaders, the first secretaries of the provincial committees, agricultural ministry officials, members of the National Association of Small Farmers, and Agriculture Union members. The meeting dealt with cattle industry improvements to include implementation of the (Boissan) Rational Grazing method, the improvement of feed supply, the continuity of the cattle ranch construction program, and how to continue this program facing special period conditions.

Country Supports UN Recommendation on Iraq

FL1705011991 Havana Tele Rebelde Network in Spanish 1100 GMT 16 May 91

[Text] Cuba has reported that it will support the recommendation made by the UN secretary general on the demarcation of the Iraq-Kuwait border but noted that this does not change its stand on Resolution 687 of 1991.

In a letter addressed to Javier Perez de Cuellar, Cuban Ambassador Ricardo Alarcon says our country does not oppose the suggestion regarding the demarcation line as the Security Council requested. However, he recalled that this organization has absolutely no authority to demand that certain border lines be respected, to demarcate them, or to choose where or in which region of the world those borders can be violated.

Resolution 687 of 1991 stipulates that the Iraqi-Kuwaiti border is set based on a 1963 treaty that was never ratified. It refers to an exchange of letters in 1932 when those countries were still British colonies. Regarding that decision, Alarcon recalled that there is more than one conflict. For some, borders do not exist, can be moved or adjusted, and one does not always remember the old maps that clearly describe the extension of a state which some want to forget, as in the case of Palestine.

Military Equipment Returns From Angola

FL1605153591 Havana Tele Rebelde Network in Spanish 1100 GMT 16 May 91

[Text] Another shipment of tanks, armored personnel carriers, antiaircraft artillery equipment, and other vehicles returning from Angola arrived at the Guillermon Moncada pier in Santiago de Cuba. The Cuban vessel Otto Parellada transported the equipment back to Cuba, where it will be immediately transferred to its regular units, therefore adding to the combat readiness of the Cuban Revolutionary Armed Forces.

Decision To Release Jailed Spy Confirmed

PA1605013891 Havana Radio Havana Cuba in Spanish 0105 GMT 16 May 91

[Text] The Cuban Government decided to free Dominican citizen Emenecio De La Cruz Martinez who was sentenced to 25 years in prison in 1973. De La Cruz was charged with espionage.

The news was confirmed today by a spokesman for the Foreign Ministry who clarified that the Cuban decision was not brought on by any official request from the Dominican Foreign Ministry.

The spokesman stated that the reknowned Dominican lawyer Ramon Antonio Vera was the only person who took steps in the affair and that his request was honored for humanitarian reasons.

Trade Protocol Signed With Nicaragua

PA1605174491 Havana Radio Havana Cuba in Spanish 0100 GMT 14 May 91

[Text] Cuba and Nicaragua signed on 14 May in Havana a trade protocol for 1991, the Agencia de Informacion Nacional reported. Signing the document were Pablo Emilio Persina, Nicaraguan deputy minister of industries, economy, and development [title as heard]; and Manuel Estefania, Cuban vice minister of foreign trade. Cuban Foreign Trade Minister Ricardo Cabrisas and Aura Estela Cano Aragon, charge d'affaires of the Nicaraguan Embassy, attended.

Inter-Caribbean Affairs

Eastern Farmers Development Company Profiled

FL1605184391 Bridgetown CANA in English 1710 GMT 16 May 91

[Report by Peter Richards]

[Text] Castries, St Lucia, May 16, CANA—When Eastern Caribbean farmers launched their Caribbean Farmers Development Company [CFDC] a year ago they could hardly have imagined the strides it would make in such a relatively short time.

Twelve mainly small farmer organisations belong to the CFDC which during its first year mobilised more than two million dollars (one EC dollar = 37 U.S. cents) in financial and technical support to its members.

"We never realised that we would have been making such tremendous strides in such a short time.... We are all poised for the future," says CFDC Chairman St Vincent-born Jethro Green, whose Organisation for Rural Development (ORD) belongs to the grouping.

The CFDC which coordinates the marketing and production activities of the farmers' organisations in the Windward Islands, Barbados, and Antigua and Barbuda, has since developed a 15 point strategic plan that "will act as a catalyst for meaningful economic change for its members.

"The goal of the CFDC strategic plan is to develop members' capacity to plan, produce, package, store, and ship high quality agricultural produce to both regional and extra-regional markets in an economically sustainable manner," Ducreay, the Dominica-born, general manager of the group says.

In order to achieve this goal, the CFDC as the umbrella organisation, must assist in the development of economically self-sustaining farmers organisations," he added.

In March 1986, a number of non-governmental organisations met in St. Vincent to discuss the problems of production and marketing of agricultural commodities produced by small farmers in the Eastern Caribbean. Later that same year, three organisations in the Windward Islands met in Castries to discuss the feasibility of joint marketing within the region.

"This meeting concluded that joint marketing between farmers organisations was both desirable and feasible and should be initiated as a pilot project," Ducreay said.

With support from the Inter-American Institute for Cooperation on Agriculture (IICA) in 1988, the organisations agreed on to form the Inter-Island Steering Committee of Farmers Organisations (ISCFO), which initially began the joint shipment of agricultural produce.

"It was not very long afterwards that shipments of agricultural produce began to move between the islands from one organisation to the next," Ducreay said.

In 1990, the ISCFO became the CFDC, incorporated under the companies act in St. Lucia, but headquartered in Dominica. The CFDC members ship such produce as hot peppers, avocado, grapefruits, plantains, oranges, and pumpkins.

The CFDC has been able to tap the financial and technical resources of agencies, such as the Canada Fund, the Caribbean Agricultural Research and Development Institute (CARDI), the Inter-American Foundation, and the Agriculture Diversification Coordinating unit of the Organisation of Eastern Caribbean States (OECS).

"Over the next year, efforts will be made to strengthen the services of CFDC, including information, farmer inputs.... And a delivery of credit services as well as training in production and marketing," Ducreay said.

He added "CFDC is determined to embark upon income generating projects that have self-sustaining capability."

A 15-point strategic plan outlined by CFDC includes the establishment of a revolving credit support fund and or mechanisms to facilitate short-term reimbursable working capital to member organisations for activities such as bulk purchasing of seeds and planting material

The CFDC said that loans will be of various types depending on individual circumstances of each requesting organisation and that the interest rates are likely to be comparable to those used by non-traditional sources, such as the national development foundations.

"Since CFDC is trying to promote economically sustainable operations, it is important that borrowing organisations become accustomed to paying commercial rates as soon as possible," it said noting that organisations facing "serious financial constraints" will be provided with assistance, such as the extension of payment periods.

The CFDC said that it would work towards developing adequate financial management capability to monitor and control the support fund.

The strategic plan also calls for strengthening the trade between the islands, giving emphasis to the potential markets in Antigua and Barbados and other islands having an active tourist trade.

Ducreay's report to the CFDC's annual general meeting here this month said that while efforts had been made to revive inter-island trading activities, there were still "what appeared to be shipping unreliability ... And (other) problems" hampering the CFDC plans.

He gave the example of the Belle Vue Farmers Cooperative in St. Lucia which was forced to halt its trading with the Barbados agricultural society mainly because of shipping problems.

The CFDC has also reported that its members were having problems with the Barbados-based Caribbean Agricultural Trading Company (CATCO).

"In 1991 shipments have been slowed considerably due to a number of problems with CATCO, i.e. late payments from CATCO caused by its apparant lack of liquidity, small, and irregular orders and its inability to develop a marketing programme which suppliers.... can depend on.

This situation does not augur well for the development of trade for the non-traditional agricultural sector and for the noble goals of agricultural diversification," the CFDC warned.

Colin Bully who heads the OECS Agricultural Diversification Unit has also warned that it was time for CATCO to "put its house" in order, since many organisations were dependent on its activities.

CFDC said that its executive will meet soon with CACTO officials and the Caribbean Food Corporation, the parent company, to seek a resolution to the problem. But even while CFDC was seeking to improve inter-island trade, its affiliates were exploring the extra-regional markets.

The Produce Farmers Union in Grenada has clients in Holland and the United Kingdom, and is exploring marketing initiatives in North America. ORD has also been shipping its produce to markets in Europe.

Green contends that despite such initiatives, CFDC is aware that "for us to survive on the market overseas, we have to pool our resources, our commodities, and technical expertise."

Barbados

Sandiford Attempts To 'Woo' U.S. Investment

FL1605173391 Bridgetown CANA in English 1649 GMT 16 May 91

[Text] Bridgetown, Barbados, May 16, CANA—Barbados Prime Minister Erskine Sandiford, on a visit to the United States, has been trying to woo American investment, the Government Information Service [GIS] reported. According to GIS, he told a breakfast meeting with Forbes Magazine executives this week:

"In Barbados we are looking, not for handouts, but for a favourable international economic climate in which we can freely exchange our goods and services without encountering undue protectionist obstacles.

"We welcome more U.S. individuals and corporations to come to Barbados and set up business under our international business companies regime for mutual benefit. Opportunities in the data entry industry are particularly beckoning."

Sandiford headed for the United States after a one-week visit to Merida, Mexico, where he attended the annual meeting of the Caribbean Development Bank.

The first stop on the one-week promotional U.S. visit was New Jersey, where Sandiford pointed out that one of Barbados' major objectives was the earning of foreign exchange to improve its balance of payments position.

"I am therefore taking a direct and active role in promoting Barbados as an excellent destination to which visitors can come for business or leisure," said Sandiford from his hotel room in Short Hills, New Jersey.

Haiti

Bernadin Defends Tripoli Trip, National Plan

FL1705021691 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 16 May 91

[Excerpts] The Planning minister appeared before the Senate yesterday not only to provide a synopsis of his ministerial management, but especially to explain his trip to Libya a month ago.

Planning Minister Renaud Bernadin acknowledged before the Senate that he did indeed to to Tripoli, Libya, but emphasized that the visit had nothing to do with Haiti and that the country's national interests are not threatened because of it.

I went to Tripoli because I am someone who likes to see with his own eyes. I wanted to see that country, said Minister Bernadin, who said he is free to make private visits. [passage omitted]

The minister also said that Libya has a debt of gratitude toward Haiti, citing the fact that Emile Saint-Lot, who was president of the Haitian Senate in 1957, resolved the voting at the United Nations to award Libya its independence. Bernadin informed the Senate that there is a street in Tripoli called Haiti, and that there is another one named Emile Saint-Lot, by way of tribute to Haiti.

The purpose of the minister's meeting with the Senate was not to talk about Tripoli, but to outline the work his ministry will achieve throughout the country. Senator Serge Gilles, leader of the National Progressive Revolutionary Party of Haiti [PANPRA], drew the minister's attention to the participation of the political parties in the growing democracy and the way the public administration is being depoliticized.

Minister Bernadin began speaking of the functioning of the state, with the Constitution as compass, its functional dimensions including the Parliamentary assemblies, the government, the administration, and the social organizations that also play a role in its functioning. It is there that the political parties find their places, he said. They will expand to control the government's work, to train and supervise all associations, all organizations.

Senator Robert Opont, a member of the Haitian Christian Democratic Party [PDCH], headed by Reverend Sylvio C. Claude, intervened to point out to the minister that nowadays the popular organizations have replaced the political parties, that the popular organizations have so much faith in their power that they disrupt any political meeting that does not please them. He cited as an example a recent occurrence in Miragoane.

The minister answered that it is not the government's job to support political parties, to structure political parties. According to Minister Bernadin, the government aims at to work with the peasants without neglecting the city dwellers, and that the first actions to be undertaken will especially focus on women and youth. On that score, the minister cited three objectives the government has asked him to fulfill.

[Begin Bernadin recording] The economic objective is to rehabilitate the state by ensuring credibility and improving the state's capacity for administration and management. This is our first objective. The second objective is to increase national production to reduce our dependency abroad. The third objective is to improve the people's standard of living so that a greater number of our compatriots have access to collective services, to jobs, and to a decent income. We then want to promote a dynamic, autonomous, and sustained growth so we can create those incomes. We must create an environment that allows all producers to produce. Finally, we want to promote as an objective the establishment of all types of associations that can ease the people into a participation in national life. [end recording]

To succeed in reaching these objectives, there is what is called strategic choices, urging participation of the whole country in its works. To participate, the people must eat, they must work. The government will make efforts to lower the cost of living and to create jobs so that participative development is not just idle talk. In any case, the government must make reforms even though it knows there will be new developments later, according to Minister Bernadin, who also spoke of studies being conducted to de-isolate the country by building roads to enhance communication and keep areas from remaining isolated from the rest of the country. [passage omitted]

Personal Altercation Interrupts Senate Session

FL1705010291 Port-au-Prince Radio Metropole in French 1600 GMT 15 May 91

[Excerpts] Yesterday in the Senate an incident at the beginning of the session had two senators, Joseph and Larosiliere, exchanging harsh words. Calls for order from the president of the Senate had little effect. Correspondent Gaillot reports.

[Begin recording] [Gaillot] A real nerve storm, captured on Tuesday, 14 May, showed two senators of the Republic sweeping away the wisdom and serenity of which they should be examples. Indeed, the senators, Serge Joseph from Artibonite, and Julio Larosiliere of the south, came close to blows, the motive apparently related to a question addressed to the first senator of the West, Jean-Jacques Clark Parent, by Serge Joseph, regarding a letter Parent allegedly sent to the minister of Finance. The question apparently asked the concerned authority to block funds allocated for the Upper Chamber.

The request was denied by Senator Parent. Senator Julio Larosiliere, southern representative, took offense that Senator Joseph dared question a senator. From the most banal to the most insignificant, words passed back and forth, involving everything from family and private life to political history. [passage omitted].

Less than 24 hours after the deputies' vacated, the senators are facing several problems: technical difficulties prevent them from functioning normally. It is for lack of technical wherewithal that the 40 commissions already formed within the Senate have not been operating. Another obstacle the Senate faces is the schism created within the Chamber by various ideological trends. Inexperience, partly the result of lack of preparation, is not inconsequential among the obstacles facing the Senate of the Republic, according to a source close to the Parliament.

The senators had to interrupt their session several times due to the strained atmosphere which prevailed in the Upper Chamber on Tuesday. [end recording]

El Salvador

Cristiani Notes Importance of U.S. Military Aid

PA1605211991 San Salvador Canal Seis Television in Spanish 0200 GMT 16 May 91

[Report by Isabel Ruiz]

[Text] President Alfredo Cristiani admitted tonight the importance of continuing U.S. military aid to El Salvador as a way of contributing to the peace process. The president reiterated that the constitutional reforms should come about after a cease-fire has been reached.

President Alfredo Cristiani reasserted tonight that a change in the U.S. aid policy toward El Salvador could have an adverse effect on the negotiations because the FMLN [Farabundo Marti National Liberation Front] may step up its military actions while it is discussing ways to end the conflict.

[Begin Cristiani recording] As long as there is no cease-fire, we believe U.S. policy should not change. We feel that the possibility of modifications or changes in U.S. policy may have an adverse impact on the peace process because it may promote actions by some FMLN sectors. These sectors may downplay the importance of a peaceful solution to the conflict and insist on a violent option. [end recording]

In addition, President Cristiani said that the Mexico agreement conditions link the passing of the constitutional reforms to the implementation of a cease-fire.

[Begin Cristiani recording] When analyzing the Mexico agreement, it is clear that the ratification of these reforms is part of a scheduled global agreement. In this regard, we do not see why the FMLN is demanding or requesting that the implementation of the agreements be done differently. The FMLN must understand that it must honor the documents it signs and not break them. The FMLN failed to attend the meeting scheduled for the first week of May, and it is beginning to disregard the agreements that it signed—only three weeks after signing them. The FMLN must understand that if confidence in the peace process is to develop, it is not appropriate to disregard the agreements signed. [end recording]

Cristiani and other high-ranking civilian and military officials attended a concert tonight to mark the 43th anniversary of Israel's independence.

Merino: FMLN Receives Direction From Cuba

PA1605174791 San Salvador EL DIARIO DE HOY in Spanish 14 May 91 pp 2, 17

[Text] Vice President Francisco Merino has stated that in the past two weeks, Joaquin Villalobos and other FMLN-FDR [Farabundo Marti National Liberation Front-Revolutionary Democratic Front] rebel leaders have gone to Cuba to receive instructions for the upcoming round of peace negotiations from Cuban dictator Fidel Castro.

The Salvadoran vice president pointed out that the subversives traveled to Cuba although they had agreed to meet with the government dialogue commission in the first days of May.

"This shows us that the FMLN does not have full autonomy over what it does or says at the meetings," the vice president said.

Merino met with his Guatemalan colleague, Gustavo Espina Salguero, and with Honduran First Presidential Designate Jose Hernandez Cruz on the morning of 13 May to discuss topics related to the Trifinio Plan and the formation of the Central American Parliament.

The vice president stated that the Salvadoran Government is asking UN Secretary General Javier Perez de Cuellar to demand that the FMLN be more responsible and comply with the agreements reached.

He said that the government delegates "have their suitcases packed and ready" to travel to Mexico again to meet with the FMLN delegates to discuss several pending topics, including the cease-fire. The government and rebel delegates had previously agreed to meet during the first week of May to discuss pending matters.

Asked if the Armed Forces topic was to be discussed at the next round of meetings, Merino replied: "That topic has been amply discussed."

He added that the FMLN leaders have been trapped by their own logic and have to tell their terrorist groups that they have not reached any agreement with government.

"The FMLN knows, however, and accepts the fact that the status of the Armed Forces is not negotiable from any point of view," Merino added.

The FMLN has also accepted that the constitutional reforms will "ensure the existence of an Armed Forces that is to serve a new and democratic society, that the public security corps will be under civilian control, and that the Armed Forces will be subject to the authority of the president of the Republic as established by the Constitution," the vice president stated.

Democratic Convergence Reports Leader's Murder

PA1605230091 Paris AFP in Spanish 1850 GMT 16 May 91

[Text] San Salvador, 16 May (AFP)—The Democratic Convergence (CD), a coalition of three Salvadoran leftist parties, today reported the murder of one of its leaders, Isaac Martinez. Martinez' body was found on Tuesday, 14 May, and it appeared that he had been tortured and horribly mutilated with a machete.

Martinez was a member of the CD's department directorate board in Santa Ana, located in the western sector

of the country. He was also a candidate to the post of deputy in the 10 March elections and a labor leader for the Public Works Ministry employees.

Juan Jose Martel, a CD deputy in the Legislative Assembly, reported today during a news conference that Martinez disappeared on Monday, 13 May, and his body was found on 14 May at La Pedrera, located between the cities of Santa Ana and Metapan.

Martel explained: "The cause of death was wounds inflicted with a machete. The body showed signs of torture. There were burns on his chest and signs that he had been handcuffed and that his thumbs had been tied together."

The deputy refrained from making direct accusations, but he indicated that "we know that this is an old technique used by the security corps." He warned that this case could be the beginning of "campaigns to exert pressure" on CD leaders who "constantly receive threats."

"There is a permanent atmosphere of insecurity. Our telephones are permanently tapped, we receive anonymous calls reminding us that we have families, and we see vehicles following us on the streets," he stated.

Another CD leader in Santa Ana was kidnapped weeks ago by heavily armed unidentified men in civilian clothes. He was released hours later after receving threats that he would be killed if he continued his involvement in politics, Martel stated.

He said: "We do not trust the current judicial system or the Armed Forces' investigative mechanisms." He added that the CD is making its own inquiries about Martinez' assassination.

FMLN Criticizes Call for More Military Aid

PA1605215291 (Clandestine) Radio Farabundo Marti in Spanish to El Salvador 0000 GMT 16 May 91

[Station commentary: "More U.S. Military Aid is Adding More Fuel to the Fire"]

[Text] Alfredo Cristiani's request for more U.S. military aid clearly shows that the Arena [Nationalist Republican Alliance] government is preparing for war and not for a cease-fire. That request also thoroughly reflects the grave military crisis affecting the Armed Forces, which are unable to achieve any victory over the National Army for Democracy [END] on the battlefield. They have not been able to win the war in 10 years with $4.5 billion.

Cristiani had to publish a paid advertisement in a U.S. newspaper imploring aid from the U.S. Congress to maintain in power a criminal Army that has matters pending with the civilian population. This man has also shamelessly praised the Mexico Agreements as a banner and a great step toward peace, when he himself has violated these agreements and his party, Arena, has refused to ratify them at the new Legislative Assembly.

At this point in the negotiating process, the act of cynically requesting more aid for the war is in itself a deliberate act of sabotage against the agreements reached amid great difficulties in Geneva, Caracas, and Mexico. If U.S. Government leaders approve that request, such an action would be akin to putting a firing squad in front of the negotiators who will discuss the political agreements prior to the cease-fire. The FMLN cannot accept that condition. The presidential request is irresponsible, and any military approval would not be, as Cristiani has described it, a clear signal to the FMLN to sign a cease-fire as soon as possible.

They are wrong again, as they have been during the past 10 years of war. As long as no agreements are reached and implemented to dismantle the repressive apparatus and as long as society does not advance toward unrestricted political liberty, we will not lift our military pressure over the criminal Armed Forces and a government that maintains the great majority in a state of hunger.

If the United States does not stop sending aid with the hope that the Armed Forces will achieve a military victory, the END does not have to lay down its weapons. Therefore, military aid is not a clear signal to end the armed conflict, but it adds more fuel to the fire.

Panama

Ford on Government's Economic Program

PA1705043091 Panama City Radio and Television Networks in Spanish 0001 GMT 17 May 91

["Address to the nation" by Second Vice President Guillermo Ford; place not given—live]

[Text] Fellow citizens, after 21 years of obscurantism our country has had to confront a number of unforeseeable situations, the most basic of all being to provide the general public with a dignified and decent life. To this end I have worked with the national government for the past 16 months. I have attempted to restructure the national economy to ease the heavy burden of unemployment, especially for the poorest people. I have also attempted to strengthen the economy to once and for all eradicate from our country that great scourge which, in my humble opinion, has proven harmful to Panamanian dignity: state paternalism.

Since June 1990, the Planning and Economic Policy Ministry, following the Cabinet Council's precise instructions, has been preparing the general directives for the state's modernization. Following lengthy discussions with all affected sectors, it gradually found its path and managed to establish a mechanism that will attain the Panamanian people's goal: to live in peace—without demagoguery, lies, or false promises—and to have an economy that will gradually evolve in a definitive and permanent manner.

We have encountered many positive cases in the development of the nation's economy. Do you remember when for 30 months, due to the problems posed by the dictatorship, bank deposists were frozen? Through the Banking Commission that I am proud to preside over on 10 April 1990 we released all of the savings accounts. Later on 10 May the banking system was totally normalized despite the negative predictions of individuals who, instead of allowing us to build a free and progressive fatherland, sought its destruction. Today the banking system is a source of pride; it is the motor and the essential mechanism of economic development.

We have continued our daily struggle and have attempted to establish an economic program. Some people have expressed doubts about the program and others still do not believe it exists. However, I am pleased to inform you that on 15 May the Cabinet Council, presided by His Excellency the President of the Republic, unanimously approved the implementation of a series of measures which, I am sure, will yield the results we all aspire to obtain.

We must, however, think back to 1990 when everyone in the government installed on 20 December 1989 unanimously approved the economic program and its general directives. Therefore, before beginning this chat with the Panamanian people, I would like to profoundly and respectfully ask all of the sectors to seriously consider the scope of the measures that will be implemented.

One of the most important factors that we must attend to, and for which we have designed what the national government has described as a contract-plan, is greater efficiency at state run public service institutions. Everyone knows and recognizes—and at this moment I am not criticizing any specific government employees; that is far from the truth—that our public service institutions, such as IRHE [Institute of Hydraulic Resources and Electrification], IDAAN [National Water and Sanitation Institute], and INTEL [National Institute of Telecommunications], are constantly criticized for not adequately providing all the services that the community demands. The same can be said about the Port Authority.

We have decided to use these contract-plans to increase efficiency and to make it possible for the public, our state service consumers, to pay less for the services that the state is obliged to provide. In the case of IRHE, which will not be privatized, we agreed that IRHE's expanded investments can be privatized, but not the institution itself. We could also privatize certain services that are currently provided by the institution. An example of one of these services—I had mentioned this on a previous occasion—is the maintenance of IRHE's fleet and equipment; it is not efficient at present and employs 300 people. The plan considers offering these employees the opportunity, the voluntary option, to install a mechanical department, a new business completely foreign to IRHE. This business would sign a contract with IRHE; the employees who agree to the plan would leave the state payroll and become private businessmen through this guarantee, and would be paid a full year's salary.

There are similar services at IDAAN. It will not be privatized, but it also offers many services that can be privatized; the same measures would apply.

Regarding the Port Authority, which is a subject of constant complaints—and I must publicly acknowledge the excellent work of its general director Jerry Salazar—there is one fact that is true. The national government will not have the necessary funds to invest and render the ports of Balboa and Cristobal effective enough to carry out an efficient and high-tech transfer of cargo—from the free zone to the national territory. It has been decided that the ports of Balboa and Cristobal will be privatized through concessions or licenses so that private operators may make the necessary investments to guarantee that services meets the users' needs. The National Port Authority will become a supervising and regulatory organization that will direct all the port activities; however, the management of the ports will be privatized through concessions or licenses.

It has been decided that INTEL, about which we have talked so much, will be privatized through the mixed enterprise concept. What is a mixed enterprise? It means that not more than 55 percent of the shares will be offered to private groups, and the state shall withhold up to 45 percent of the shares. Within the capital of this 45 percent, all INTEL employees will be invited to become INTEL shareholders and owners. The reason for INTEL's privatization is not political. It is also not the result of a desire to acquire funds to pay the public debt, as it has been stated with great demagoguery in the country. The problem is quite simple: Telecommunications are constantly evolving. That which represents modern progress today becomes obsolete tomorrow. There will be a point where the state will not be able to cope with the constant evolution in the telecommunications system. Hence, INTEL must have enough capital available so that it may offer the services the user deserves.

We will analyze some of the economic aspects and plans for the country. Customs tariffs have been discussed at length and have caused controversy. We have always respectfully invited the Trade Union of Panamanian Industrialists [SIP], as well as the industrialists who are not members of that union, to talk with us and discuss the tariffs that are applicable in Panama. We have come to the conclusion that Panama's economy cannot grow if it only looks inward.

Panama must project itself through exports because the essential thing is to create jobs, not just generate wealth. The mechanisms for the reduction of customs restrictions will allow us to engage in honest competition, not only with neighboring countries but also within the context of the plans for the 1990s, looking for all types of

commercial agreements with Canada, Mexico, the United States, or an economically integrated Latin America as a whole.

It has been decided that, effective August, the maximum customs tariff for the industrial sector will be 60 percent and for the agro-industrial sector it will be 90 percent. An additional reduction of customs tariffs will be implemented on 1 January 1993. They will be reduced to 40 percent for the industrial sector and 50 percent for the agro-industrial sector. However, during a Cabinet Council meeting held yesterday, a mechanism was discussed by means of which the Ministry of Commerce will closely supervise the fate of the industries so that customs barriers are eliminated.

Referring to the privatization and improvement of port services—which is a justifiable demand from its users, particularly the industrialists—a Cabinet Council ordered the reduction of IRHE rates by 10 percent effective 1 January 1992. However, as compensation and within a philosophy of equitably balancing the scales, the 10 percent discount will also be implemented on 1 January 1992 to all the homes that consume 220 kilowatts or less per month. In other words, we are adjusting the rates for everyone alike.

The national government cannot demand sacrifices and adjustments in exchange for nothing. The industrial sector will enjoy this beginning 1 January 1992. We must admit with shame and astonishment that IRHE has been charging some of the world's highest electricity rates. The purpose of making IRHE more efficient is to translate this efficiency into reduced rates for customers.

It has been reported that 19,000 employees will be fired. But I say that no government employees will be fired. We must understand once and for all that privatization is being handled slowly. Let's admit it. We would like to handle it faster, but our honesty in the handling of public affairs has also been questioned. Our slowness is due precisely to our desire to privatize certain enterprises in a completely honest manner and in plain sight of the Panamanian people. This means that as we will gradually privatize certain enterprises, such as Citricos de Chiriqui, Bayano Cement Company, the sugar mills, Air Panama ... [changes thought]. I have to send message of optimism to the employees of Air Panama. According a report I received during the Cabinet Council meeting last night, we hope the Minister of Finance will to be able to clear, once and for all, the privatization of this particular enterprise in the next 30 days. There are other enterprises that will also be privatized, such as COBANA [Atlantic Banana Corporation]. These burdens of the dictatorship are strangling the state apparatus. We must gradually reduce expenses so that we can have more money available for infrastructure investments. We will have a privatization mechanism, and I will give an example of its use. The sugar mills will have approximately 4,700 employees on their payrolls at the time the mills will be privatized. This does not mean that the public employees will be dismissed because we will insist during the negotiations that the employees must not be dismissed. They will simply pass from the government's payroll to the private sector's payroll. I respectfully issue an appeal to the Panamanian people, the labor sector: Let us not be afraid of privatization. The only one who should be afraid of privatization is the incompetent person or whoever knows he should not work in a given enterprise. I categorically deny the reports that we will fire 19,000 employees, because we will not dismiss a single public employee. That will be the result of inertia, resignations, and through other mechanisms.

The national government had approximately 3,800 vacancies that had not been filled. Based on recommendations from the Ministry of Planning, the Cabinet Council last night froze those vacancies because we cannot possibly try to reduce the government's payroll by filling the available vacancies. In the measure that public employees resign or retire, separating themselves from the government payroll, they will not be replaced—except in those institutions where, given the nature of the work or through special laws, they must be replaced. This is the case with teachers, health workers, policemen, nurses; in other words, those institutions require that whomever is dismissed or resigns must be replaced. Just as I did when I returned from the United States, I want to address a message to the Panamanian people and government officials: Heed not sirens' songs. Criticize and censure us when we fail to make good on our word. But we cannot let demagoguery be a mantle that covers up the national reality.

The Price Regulatory Office was created due to the great world catastrophe and conflagration of World War II. When there is a shortage, it is the state's constitutional duty to make sure there is no speculation. We must protect both producers and consumers, the president of the Republic has said. But if we make an in-depth analysis—and I am not speaking of the management of the Price Regulatory Office at present—we will find that the office has lent itself to a few things that would perhaps be worth forgetting.

What we want is a free market and free competition. The Price Regulatory Office will be eliminated before the end of 1992 and will be replaced by a consumer protection office that is already being organized by the Commerce and Industry Ministry.

This will be a genuine consumer protection office. We are not talking about regulating market prices. Housewives are often ripped off when they buy articles. This includes automobiles, everything. The national government must provide direct support to the community so that it is not ripped off. The Price Regulatory Office will be eliminated to allow the market to find a free supply and demand balance. In the end, consumers will benefit.

The agriculture and livestock sector. Unfortunately, big lies have been told to this sector. Let us be truthful. Corn was imported and the importing of milk was authorized;

this should have never happened. These imports created an unnecessary and unjustified scare within the agriculture and livestock sector.

We have told international financial institutions that we are not going to startle that sector and that we are not going to impose on it anything that is not in line with the true situation. We are going to eliminate quotas, as we said last year, and we are going to use duly adjusted import tariffs so that imported goods may not compete with national products. We want competition within the domestic market. We do want competition. We do not want hoarding. We do not want some sectors to hoard a given product to sell it later at a higher price, speculating on the well-being of the poor. As of Monday, the agriculture and livestock sector, through the Agriculture and Livestock Development Ministry, will make the final adjustments, with the participation of all those who comprise the sector, to finally establish protection ceilings and import tariffs so that we may liberate the market without producing any kind of a scare.

This is a clear and loud message to the agriculture and livestock sector: There is nothing to fear. All of us, acting together, will make the best decision to liberate the market and at the same time we will have domestic competition so that no subsidized product from abroad may destroy the national market. The government will not permit that.

This has been a general sketch; we are going to make public the document we signed today on orders from the Cabinet Council. This document represents a commitment. It is a document on principles. Missions from the World Bank, the IMF, and the Inter-American Development Bank will be arriving next Monday to make a final evaluation of the entire program so that we may engage in definite negotiations and normalize our relations with these institutions.

Let us talk about the foreign debt. It has been said that the Panamanian people are being punished. Let us see what will happen if we do not normalize our international relations.

First of all, the heavy foreign debt burden was built neither by the Panamanian people nor by the current government. Billions of dollars were wasted or embezzled. This government and the Panamanian people must deal with this. It is not that we like to wring the Panamanian people and make them graciously pay the debts acquired by those who placed the country in a condition of indebtedness. But let us take a look at what could happen if we do not pay the debt.

In December 1990, we successfully refinanced and renegotiated what is known as the Paris Club, that is, bilateral loans between countries. Panama owes other countries. We have achieved the best conditions for refinancing these debts, but we must define our bilateral situation with these countries at the latest by 30 June 1991; in other words, within one and one-half months.

Meanwhile, we have been unable to amortize our private commercial debt, our debt with the international banking institutions, which amounts to approximately $2.2 billion and continues to accumulate interest. We also have another type of debt, the bonds issued by the past regime, which we have not been able to fulfill either. Why, then, devote our time to normalizing our debts with the international financial institutions, be they the World Bank, Inter-American Development Bank, or IMF?

First of all, the total balance of the debt with these three institutions is $1.285 billion. However, we inherited the dictatorship's late payments because it did not pay its debt; on 31 December 1989 this debt was $540 million. During 1990, due to exchange problems and accumulating interests, this debt increased to $610 million. However, it is not enough to pay these institutions. Countries must make substantial changes in their economic structures. Hence, the modernization of Panama's economy, the program that I just outlined, and simultaneously—once this economic program is approved—our payments. We can establish the best economic program with these banks. But if we do not have the funds to repay them, we simply will not receive credit from them, from foreign investors, or from other countries. However, even if we made our delayed payments but failed to have a duly negotiated economic program, the normalization would not work with these institutions.

Let us look, then, at the public outcry every time IRHE has a power outage. Let us look at the public's justified clamor in Arraijan because they are not receiving water. The Panamanian Government's regular income will not be sufficient to deal in the future with the changes required by our country. If we are already experiencing profound difficulties with IRHE's power supply, how can we expect to strengthen the economy, generate more jobs, and invite foreign investors to join the Panamanian people as they move toward a healthy economy, when we will not even be capable of providing them with electricity? IDAAN's problem is identical. The water treatment plant has reached its limit. It cannot produce any more. Nevertheless, the government will not have the resources to expand IDAAN's facilities.

What will happen when we normalize our relations with the financial institutions? The demagogues say the government is very eager to involve the country's future debt. I am going to share something with you to silence the demagogues. In 16 months, President Endara's government has not contracted a single balboa in loans. Not a single balboa. The government has lived with its own resources and paid all of its debts. I believe that with a record like this, the demagogues cannot say the government intends to submerge the country in debt.

However, the individuals who are attempting to confuse the public have refused to admit that no business or government in the world can finance its development or the construction and development of its infrastructure with the regular income it generates through its tax payers.

We must, perforce, have access to external credits to finance the country's future development. We want hospitals, highways, water, power, bridges, production roads. Of course we want these things, and the Panamanian people deserve them. How will we get them? With the tax payers' regular income? Absolutely not.

Normalizing our situation with these institutions will allow us to send a message to the world: There is a country, not a government, but a serious and responsible country which—just as it struggled against the dictatorship until it toppled the dictator and just as it gave its life, its blood, and all of its sacrifices to establish democracy—will assume the responsibility, regardless of how painful, for these debts which its people or government did not contract. If, however, we refuse to pay, we will suffer the same fate as certain other countries which, in my humble opinion, made that mistake.

Then there is the form of payment, about which there has been so much speculation. We have mentioned many times what we will lose if we do not manage to structure that package right now in order to negotiate it in June, or no later than the first week of July. I will take this opportunity to say something: The meetings held in Washington at the highest levels of the institutions, with their presidents or vice presidents, have shown us that our country has received an extraordinary amount of support. We have been able to generate momentum because they believe in the Panamanians—they see the businessmen, the labor sector, and a nation anxious to find itself once more—and they have been been flexible.

All these economic changes undeniably mean sacrifices, but nothing compares with what other countries have had to pay. I would like to point out graph two and prove to the Panamanian people what we would have to pay and what would happen if we do not avail ourselves of the opportunity. [chart is shown on the screen] Our total debt, including past due amounts, is $610 million. From the very first moment that the dictatorship fell, the Panamanian Government responsibly withheld the amount of $130 million from the dictator's frozen funds, and the amount has been included in two budgets: the 1990 budget and the 1991 budget.

The amount of $130 million was set aside from the $420 million allocated to our country as part of the U.S. package of donations; we do not have to repay the amount to the United States. It is a donation. The Support Group—comprised of friendly European governments, the distinguished Japanese government, and the Republic of China, Taiwan—has helped us put together $130 million. The U.S. Government will grant our country a bridge loan of $150 million, which will be paid with the three financial organizations' first disbursements.

The pending $70 million would come from the sale of assets and installations that were financed with loans signed by the dictatorship. In other words, we now have the necessary funds to directly face our obligation and update it. However, we would lose the opportunity of a donation from the Support Group, which has begun to insistently ask if we are going to use it or not. We would also lose the opportunity of the $150-million bridge loan that the U.S. Government would offer us.

Consequently, it is important to recognize that the time has come for our nation to make a decision, and the executive branch made the decision. We will implement the economic program and fulfill our obligations, but we will not neglect—in any way—domestic obligations. There is talk about a social debt. The social debt, we must sadly admit, cannot be paid in full. However, a serious and responsible government has the obligation to use every resource it can, everything available, to alleviate the Panamanian people's heavy burden. I will give you a good example. We will talk about the tax reforms that his excellency the Minister of Finance and Treasury submitted today to the honorable Legislative Assembly for its consideration.

It has been said here that we legislate for the wealthy to the detriment of the poor. Let's examine some features of this tax reform that is a part of the economic program. Every worker earning a salary of less than $350 and with three dependents will be fully exempted from income tax. This means less expenses and an additional income for these families. This measure will benefit approximately 222,000 people who are taxpayers at present. Much has been said about the small-and medium-sized enterprise, which we support with great enthusiasm.

The income tax calculations in Panama have always been very complex, particularly for personal taxpayers. The personal income tax calculations had 20 steps, which have been reduced to 10 steps. In addition, the payment has been simplified, reducing the tax rate. This means that all personal taxpayers will pay less income tax. In exchange, corporations that in Panama have been split to pay the minimum corporate income tax, 20 percent, will have a single income tax rate of 30 percent. This also means that, out of 24,000 corporate taxpayers, only 22,000 pay 20 percent and 2,000 of them pay more than 20 percent. We will gradually have the 22,000 corporations pay 30 percent, which will be the single corporate income tax rate in Panama. Something similar will happen to those who presently pay 50 percent. This rate will be gradually reduced so we will end up with a single corporate tax rate of 30 percent.

These are modern aspects of tax laws and systems. Panama wants to attract investments because we have great potential with the reverted areas. Although the Panamanian people have not been told this previously, it is possible to speed up the reversion of certain areas. It would be irresponsible on our part not to have a plan for rationally using this area. This is why we want to normalize our relations, repay our obligations, and be creditworthy. We want Panama to present a new image before the world, that of a serious people and government where foreign investors can come to share the Panamanian people's fate.

I want to report to the Panamanian people that all newspapers will publish tomorrow the accord I signed with the international banks in the name of the national government. It is a more concrete outline of the economic policy that I have mentioned tonight. As I said, this policy will be finally negotiated in late June or early July becasue the government is committed to implementing this economic program. Firmly and with the heart of a Panamanian, I want to appeal to the honorable legislators, who are the genuine mouthpieces of the Panamanian people's thoughts. You will receive draft bills, just as you did with the one dealing with the social security fund, the one dealing with the tax reform, and some others that will be sent to the Legislative Assembly.

To consolidate our democracy once and for all, we have to override our political interests. The homeland's interest must be above everything. Under these conditions, the Panamanian people will have a promising future. Nevertheless, to the extent that we continue to use politics and that lies are delivered to the Panamanian people, the people will be subjected to something they do not deserve. I think every Panamanian desires a brighter future. I think every Panamanian wants to raise the social and cultural level of the people. I do not think the Panamanian people are insensitive. Quite the contrary. We have always listened to the voice of our dear Catholic Church. We have always taken care of the poor. The best example of this is the recent Bocas del Toro catastrophe. The Panamanian people said Present! to their Bocas del Toro brothers.

Panamanian people: The homeland's destiny is not in the hands of the national government. The future is in your hands. Think and express your opinion. Whenever you think we have erred and that we should make certain changes, you have every right to demand to be listened to. What a government cannot share, however, is the commitment to govern. Governments are not elected to spend five years only listening, much less to be in the opposition. Governments are elected to build the homeland. They are elected to tell the truth to the people. The time has arrived, however, for us to keep speaking loudly and clearly because the demagoguery that we have heard in the past few months has only undermined the foundations of this incipient democracy for which we all strove. No one struggled more than anyone else. Everyone, from the most lowly to the most upper-crusted, struggled for a future and our sons. No governor wants anything evil for his country. Every governor must give the best of himself to lead the country on the path of progress.

Panamanian people, you are faced with the challenge. You have an option: to believe in yourselves, believe in the future, and support the actions, not of a government, but of your fatherland. I appeal to your consciences. I call upon you so that we can all reflect together and analyze what we have presented here, and what we will continue to present along the length and breadth of the country. What we will never, ever, agree to do is betray the Panamanian people or fail to act because of fear. Thank you very much, Panamanian people.

Chile

Pinochet RSA Trip Off for Security Reasons

PY1705022691 Madrid EFE in Spanish 1654 GMT 16 May 91

[Excerpt] Santiago, 16 May (EFE)—General Augusto Pinochet, former Chilean president and current Army commander in chief, has suspended his visit to South Africa because the government of that country informed him it could not guarantee his security.

According to the newspaper LA EPOCA, the Pretoria regime issued the warning to General Carlos Parera, Chilean military attache to South Africa, who immediately relayed the news to Pinochet. Pinochet has been visiting Portugal since 15 May.

The Chilean Army last night issued a short communique saying that Pinochet decided to postpone his visit to South Africa "for a more opportune time" without mentioning the reason for the decision.

According to LA EPOCA, the communique says that the former Chilean president (1973-1990) will continue his tour of Europe, traveling from Portugal, where he arrived from Rio de Janeiro, to the UK.

The anti-racist African National Congress (ANC), the South African Communist Party, and other local organizations have urged the people to demonstrate against Pinochet and demanded that the government cancel his visit. [passage omitted]

Colombia

Assembly Approves State of Siege Articles

PA1605204991 Bogota Radio Cadena Nacional in Spanish 1210 GMT 16 May 91

[Text] Bogota—A state of siege could take two forms depending on the public order situation. This was decided last night by the Constituent Assembly's Third Commission when it approved the articles on a state of siege. They stated that the president of the Republic may declare that Article 121 is in effect should there be foreign aggression.

This declaration will be accompanied by the powers specified for state of siege situations as expressly authorized by the Constitution and those needed to face aggression or defend the country's sovereignty.

To declare a state of siege the initiative must also be signed by the president of the Republic and all the ministers.

The members of the Third Commission decided that in cases of domestic turmoil the president may declare that public order has been disturbed and declare a state of siege in part or all of the republic.

The articles state that a state of siege may be declared for a maximum period of 90 days that may be extended by equal periods. Extensions will require Congressional approval. All the effects of the state of siege will cease within one year of its declaration.

[Bogota Inravision Television Cadena 2 in Spanish at 1730 GMT on 16 May broadcasts a report stating that "at this hour" President Cesar Gaviria is attending a ceremony to mark the 51st anniversary of the founding of the General Santander Police Cadet School. He states the following: "I believe that this is an exceptionally appropriate site to comment on amendments to the state of siege and the way in which it is being debated at the Assembly. Throughout all these years a consensus has been emerging regarding certain topics that are currently contained in Article 121.

[The president continues: "For starters, it was admitted that the state of siege legislation has not worked well and that it must be amended. Otherwise, we will continue the absurd situation of having a permanent state of siege with permanent violence, the worst of situations."]

Paraguay

Lacalle Signs Joint Declaration, Departs

PY1605133691 Asuncion RPC Television Network in Spanish 0030 GMT 16 May 91

[Excerpts] Uruguayan President Luis Alberto Herrera Lacalle this afternoon concluded his official visit to Paraguay following a lunch hosted by Paraguayan President Andres Rodriguez at noon today. Before departing, Herrera and his Paraguayan counterpart signed a joint declaration. [passage omitted]

The farewell ceremony was held at the Silvio Petirossi International Airport, where President Rodriguez said goodbye to his Uruguayan counterpart.

A joint communique was released this afternoon summing up the issues of common interest that the two presidents discussed during this visit. Concerning the international situation, the two presidents expressed their satisfaction over the end of military actions in the Persian Gulf. They reaffirmed the significance of the Rio Group, praised the final declaration of the meeting between the European Community and the Rio Group in Luxembourg, focused on issues related to the Common Market of the South, Mercosur, especially the proposal to call a meeting of economy ministers and central bank presidents, and expressed support for President Lacalle's proposal to hold a summit of Mercosur presidents six months following the signing of the treaty.

President Herrera Lacalle and his wife boarded a regular PLUNA [Uruguayan National Airlines] to Buenos Aires from where they will board a Canadian airline flight for an official visit to Ottawa, Canada.

Accusation of Human Rights Violations Retracted

PY1705025291 Asuncion ULTIMA HORA in Spanish 15 May 91 p 57

[Text] In a notarized memo sent to the Interior Ministry, Police Inspector Eusebio Monzon has retracted a charge he made against Police Inspector Buenaventura Rivas concerning the murder of "Comrade Rafael" and torture carried out at the Investigative Police in the 1960's. Monson was a member of the Investigative Police staff at the time.

The memo states: "On 16 April I made a public statement before the Human Rights Commission. This fact became widely known through press publication and several statements related to the matter. In my statements I charged Police Inspector Buenaventura Rivas Fleitas with having murdered Juan Jose Farias and a person known as 'Comrade Rafael.' [no closing quotation mark as published]

The memo continues: "Such statements were made under the influence of external factors which undermined the will of the defendant, to the detriment of a police officer who had nothing to do with those incidents and to which he was not even an eyewitness."

The retraction statement concludes: "In view of this false accusation, and after a profound meditation that led to an act of Christian repentance, this retraction has been written because Inspector Buenaventura Rivas Fleitas, current police chief of Alto Parana Department, did not participate in any of the crimes that have been mentioned and any accusation that may have emerged as a consequence of this statement is not true."

It has been learned that the retraction was prepared beforehand and given to Monzon to sign without his having any direct participation in the notary public's drafting of the statement. Regarding the retraction, some congressmen have indicated that pressure on Monzon's family had the desired effect.

Statement Result of 'Pressure'

PY1705032091 Asuncion ULTIMA HORA in Spanish 15 May 91 p 57

[Text] Regarding the behavior of Police Inspector Eusebio Monzon, the president of the Human Rights Committee of the Chamber of Deputies [Antonia Nunez de Lopez] said this morning that "we believe he must have been under a lot of pressure from his own police force; therefore he probably could not maintain his decision to disclose events that occurred in the past."

The congresswoman categorically denied that Monzon had been pressured by the Human Rights Committee, as Interior Minister Orlando Machuca Vargas hinted on 14 May. The retraction statement also indicates that "external pressure" existed.

"The policeman's retraction is surprising because, after making his remarks, he requested congressional support because of the threats he had received. I want to make it clear that the committee has no interest in pressuring anyone under these circumstances," she stated.

Nunez de Lopez maintained that "it is getting more and more difficult to punish the guilty, and this is why our committee will change the way it evaluates charges. It is important for a person who wishes to give evidence to be taken directly to court. That is what we are going to do from now on," she said.

She also clarified that during her tenure as president of the committee "an intent to apply pressure has never existed. On the contrary, Congress extended its protection when Monzon made his remarks. He had the full support of Congress. Moreover, we have to take into account that he is a member of an institution which has a very rigid chain of command, an institution which obviously does not have any interest in purging its own ranks. That is clear," she stressed.

Peru

Fujimori on Antidrug Agreement, Economy

PY1605142691 Lima RTP Television Network in Spanish 0230 GMT 16 May 91

[Text] President Alberto Fujimori today pledged his full support for the task being carried out by Economy Minister Carlos Bolona Behr, and said that the signing of the antidrug agreement will restore economic cooperation for Peru.

[Begin recording] [Fujimori] [passage indistinct]

[Unidentified Reporter] Yes, Mr. President, but the advance announcement of a minimum contribution on the price of gasoline also provoked speculation in the price of foodstuffs.

[Fujimori] This sort of thing often occurs, but you must also [word indistinct] that we do not need brusque increases in the price of gasoline (?and) traumatic increases [words indistinct] and prices will once again level out.

[Reporter] [question indistinct]

[Fujimori] (?What happened?)

[Reporter] Does this mean that there will be no more [word indistinct], that there will be no more increases?

[Fujimori] There will be no more traumatic readjustments. To achieve this we are working hard on tax collection. We need other income, not just what we collect on gasoline.

There are various ways to do this; one is to increase our income from the overall sales tax, which at this time is very, very low. It only represents 1 percent of the GDP. We hope to increase it to 4 percent. Customs duties are also increasing.

Thus, the purpose of achieving a fiscal balance is now being obtained not only with the tax on gasoline, but also through other channels.

[Reporter] Mr. President, regarding the signing of the antidrug agreement, some congressmen seem to be surprised by your briefing of Congress.

[Fujimori] I am giving you information that the agreement was going to be signed before [word indistinct] through several spokesmen.

This agreement has been signed within the framework of Article 104 of the Constitution, which indicates that Congress must be briefed immediately. I did not want to brief Congress through a simple written report, that is why I spoke clearly and directly to the Congressmen.

[Reporter] Mr. President, Bob Martinez, the DEA director [title as heard], this afternoon during a news conference announced an increase in U.S. economic aid, approximately $100 million. Is this the first benefit?

[Fujimori] It is indisputable that the signing of the agreement will open the doors for this type of cooperation, which will probably increase within the next few months. [end recording]

Adviser on Antidrug Agreement

PY1605154891

[Editorial report] Lima RTP Television Network in Spanish at 0336 GMT on 16 May carries a live 58-minute news conference by Presidential Adviser Hernando de Soto. In a 39-minute opening statement De Soto explains the antidrug agreement signed with the United States. This is followed by 19 minutes of questions.

De Soto begins by saying that the news conference is being held "at the request of the president of the Republic" and that the agreement is "just a step" in the process of defining a general antinarcotics policy. De Soto then gives a general background of the agreement, explaining the different conditions prevailing in the United States and in Peru.

De Soto says that "the problem is complex and the motivations here are not the same as in the United States" because the problem here is essentially one of narcoterrorism.

De Soto then goes on to explain what a country consumed by narcoterrorism looks like, using the examples of Lebanon, Burma, and Vietnam. De Soto says that the problem is not the militarization of the antinarcotics struggle because "there are already nearly 17,000 Armed Forces and police personnel deployed in the coca producing areas," that "militarization is not a short term solution," adding that we need a new approach, a "political solution" to fulfill the U.S. objective of slowing down the flow of drugs to the United States, and the Peruvian goal of preventing more militarization and more narcoterrorism in the country.

De Soto says that the most important item of the agreement is the "recognition by Peru and the United States that present strategies have failed" and the acceptance that the problem must be faced "from the political viewpoint."

De Soto then explains the present situation of coca supply and demand, adding that aid to Peru to fight the problem is very small. He says that the situation must be discussed at "the highest level."

The presidential adviser says that the peasants are not just the first step in drug trafficking. He says that we need to talk directly to them to find solutions to their problems, thus avoiding "a takeover of their rights by war lords or drug traffickers."

De Soto says that another basic point in the agreement is "the link of all international financial, social, and economic aid programs" to progress in the drug front, adding that this approach will bring international recognition and aid to the country. De Soto adds that the agreement extends the basic concept of alternative development to the entire nation and says that we now need a broad debate to strengthen the people's awareness of the problem.

The questions and answer section begins with an objection over the fact that the president did not consult with the people before signing the agreement.

De Soto says that the "agreement is merely a political understanding", that changes will come with the enactment of specific practical laws and decrees, that the president wants to hold a debate to know what people think, and that the agreement is not linked to economic policies but to "structural adjustments."

De Soto concludes the question period by saying that "technicians, experts, and jurists were consulted" about the negotiation and that discussions could not be made totally public because they were internationally "sensitive."

Further Reaction to Accord

PY1605173291 Lima Radio Nacional del Peru Pachacutec Network in Spanish 1200 GMT 16 May 91

[Editorial Report] Lima Radio Nacional del Peru Pachacutec Network in Spanish at 1200 GMT on 16 May carries a 5-minute report on reaction to the signing of an agreement between Peru and the United States on drug control and alternative development.

Voicing approval, Lima Archbishop Monsignor Augusto Vargas Alazamora says that the church supports any action to improve health and combat drug trafficking.

Critical of the agreement, American Popular Revolutionary Alliance Senator Abel Salinas Izaguirre voices his personal opinion: "There has always been talk about trying to force the issue of the struggle against drug trafficking, drugs, coca, and the foreign debt. Thus far, however, this relationship has not produced any tangible facts nor

serious or realistic commitments. The same thing will happen with this agreement. It is just a general reference point, nothing concrete. The agreement does not mention any obligation by the United States regarding the financing of operations. I believe that the agreement also relieves the United States of its responsibility."

Former Agriculture Minister Carlos Amat y Leon says that the antidrug agreement with the United States is positive. Amat y Leon explains that the document admits the fact that the peasants are not common criminals.

Also voicing approval, Senator Raul Ferrero Costa says that the country must acknowledge the efforts by President Fujimori, who has managed to convince the North Americans that drug trafficking is not just a military—but basically economic—problem.

* Tariff Reform's Effect on Industry Viewed

91SM0295A Lima EL COMERCIO in Spanish 17 Apr 91 p B9

[Excerpt] [passage omitted] The latest tariff reduction measures, reports the BCR [Central Reserve Bank] through its organ MONEDA, caused a decline in the actual level of protection of Peruvian industry from 44 percent in December 1990 to 24 percent in March 1991. The industrial sector needs to respond to this situation with greater efficiency. Improved efficiency was promoted by some measures concerning labor, such as the regulation of the job stability law and the modification of the compensation system for service time, giving this payment a settlement nature.

Sales Survey

According to the survey on industrial sales, 47 percent of the businessmen polled believe the tariff reductions will generate competition in which Peruvian products will be at a disadvantage in relation to imported goods. In some cases, the price of imports will not exceed domestic production costs.

The industries most affected will probably be metal products, basic metals, pharmaceuticals, and machinery; these industries have already shown some inclination to import finished products.

On the contrary, 53 percent of the people polled feel that their production level will not be hurt by imports of similar products. Instead, they expect to increase their production this year.

These industries are concentrated primarily in the areas of foods, beverages, tobacco, footwear, chemicals, industrial goods, plastics, and machinery and equipment.

They are considering the possibility of replacing Peruvian raw materials with imported goods in the production process, if this might help to reduce costs. [passage omitted]